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FISCAL IMPACT STATEMENT

LS 6634

BILL NUMBER: HB 1239

NOTE PREPARED: Dec 22, 2005

BILL AMENDED:

SUBJECT: Insurance Education Scholarship Fund.

FIRST AUTHOR: Rep. Ripley

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill establishes the Insurance Education Scholarship Fund to encourage and promote individuals to pursue a career in insurance and in recognition of the shortage of individuals pursuing an education in insurance. The bill requires the money in the fund to be used to provide annual scholarships to students who meet certain criteria and who study or are intending to study insurance or business with an emphasis on insurance. It provides that the fund consists of money from administrative fees imposed on a domestic company that fails to meet certain requirements and gifts to the fund.

The bill requires the State Student Assistance Commission to administer the fund, establish criteria for receiving a scholarship from the fund, and maintain records concerning the administration of the fund.

It also requires the Commission for Higher Education to provide information concerning the number of students studying insurance at each state educational institution. The bill also requires each state educational institution to award scholarships to qualifying insurance students and provide certain information.

The bill annually appropriates money in the fund to the State Student Assistance Commission.

Effective Date: July 1, 2006.

Explanation of State Expenditures: The Department of Insurance (DOI) collects \$220,000 annually in administrative fees from two domestic companies that fail to comply with maintaining a physical presence that provides economic benefit to the state and that do not provide complete records of the company's assets, transactions, and affairs in accordance with methods and systems that are customary. Administrative fees are

currently deposited in the DOI Insurance Fund which is used to finance the operations of the DOI. Depositing these fees in the Insurance Education Scholarship Fund will reduce revenue available to the DOI.

The Student Assistance Commission would administer the Insurance Education Scholarship Program. The cost of the administration of the program and scholarships would be paid from the Insurance Education Scholarship Fund. College and university tuition and fees for FY 2005 ranged from \$2,469 to \$6,777. The fund would provide for between 30 and 90 scholarships each year depending on the tuition and fees of the institution.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State Student Assistance Commission, Commission for Higher Education, Department of Insurance, and state educational institutions.

Local Agencies Affected:

Information Sources: Cindy Donovan, Financial Division, 232-2408, DOI.

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